

# Opportunity Management

Implementing a Positive Complement to Risk Management

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These are stressful times for all Department of Defense acquisition programs. Over the past 12 months, the U.S. Government Accountability Office has issued several studies that have criticized how DoD acquisition programs have continued a trend of increased program costs accompanied by lengthening schedules—and in many cases, at the sacrifice of technical capability. In April 2009, Secretary of Defense Robert Gates announced some major changes to the fiscal year 2010 defense budget, stating DoD needed to reform how and what we buy by overhauling of our approaches to procurement, acquisition, and contracting. This was quickly followed by a June 2009 *Washington Times* editorial from Deputy Secretary of Defense William Lynn III who stated that the time is now for “a fundamental overhaul to the way the Pentagon does business,” which can be done by “aggressively pursuing major reforms of how we develop, test, and field the weapons our troops need.” In July 2009, the

Business Executives for National Security Task Force issued a report that identified end-to-end problems with the acquisition system, including “requirements creep, funding instability, poor cost estimating, immature technology, and the lack of flexibility to solve problems.” There’s definitely a trend afoot.

Within this environment, one of the tools program managers have increasingly relied upon to achieve an acquisition program’s cost, schedule, and performance objectives is risk management. Virtually every defense acquisition program is now expected to implement some sort of risk management process across every stage of the program’s acquisition life cycle by ensuring communication to and participation from all stakeholders. Yet, program managers typically ignore a potentially invaluable asset in their program management toolbox that positively complements the risk management process: opportunity management (OM).

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## Going Beyond Risk

For those keeping track, this is the third in a series of four *Defense AT&L* articles on the topic of OM. The first article, “Should Opportunity Management be Added to my Programs Acquisition Strategy?” (*Defense AT&L*, May-June 2007), compared OM basics to the more familiar concept of risk management. DoD acquisition programs that have a risk management plan will typically focus solely on the negative aspects or threats needing program attention that are summarized by using a graphic cube to plot each negative in terms of likelihoods and consequences. The OM approach relies upon a similar methodology, but in contrast to the risk management approach, plots likelihoods and benefits. Since OM is focused on taking advantage of positive opportunities that will potentially benefit a program, the larger the potential benefit equates to a larger potential payoff. When considering approaches to handling opportunities, the program has the following strategies to choose from: exploit it, share it, enhance it, or accept it.

The second article, “Opportunity Management: Deciding to Make it Part of Your Program’s Acquisition Strategy” (*Defense AT&L*, July-August 2007), defined a notional framework for an OM program composed of seven major steps: empower your integrated product teams (IPTs) to implement OM, identify opportunity candidates, assess the opportunity candidate for advantages and disadvantages, establish the implementation plan, validate all assessments and plans, maintain control/oversight, and communicate and document. When properly applied, this framework provides a solid foundation for an effective OM program.

So what does it take to implement an OM capability? That is exactly what we’ll explore as part of this article by describing the path followed by the CH-53 Heavy Lift Helicopters Program Office (PMA 261) in establishing their OM program.

## It Starts With Leadership

As part of the U.S. Navy’s Program Executive Office for Air Anti-Submarine Warfare, Assault and Special Mission Programs (PEO[A]), PMA 261 is composed of two major helicopter programs: in-service aircraft (CH-53D, CH-53E, and MH-53E) sustainment, support, and capability improvement projects; and the CH-53K Heavy Lift Helicopter development program. The Marine Corps’ CH-53E heavy lift helicopter is relied on to move troops, vehicles, and supplies. However, with a deployed operations tempo three times the planned utilization rate, the CH-53E legacy systems are incurring increased airframe and component repair costs. That is increasing the pressure to field the CH-53K with its increased range, payload, survivability, reliability, maintainability, and improved total ownership cost as soon as practical.

In addition, like many program offices, PMA 261 is facing tight cost and schedule constraints interrelated with technical challenges, and the organization is also reliant upon a geographically dispersed workforce separated by hundreds

of miles. The PMA 261 program manager and co-author of this article, Navy Capt. Rick Muldoon, conducted an organizational climate survey when he first took command in 2007 to determine the organization’s health, and again in 2009 to determine where progress had been made and what areas still needed attention.

As a way to help address the program’s interrelated cost, schedule, and technical challenges, PMA 261 senior leadership sought to institute an OM program to positively leverage any possible program advantage in order to extend the productive life of the legacy CH-53s while simultaneously working to quickly develop and deploy the desperately needed CH-53K capability to the warfighter.

## Developing an OM Mindset

As with most programs, PMA 261 initially focused on the risk management process. Starting in June 2006 soon after the start of the CH-53K development contract, PMA 261’s Joint Risk Management Board (JRMB) re-evaluated, strengthened, and documented the organization’s risk management approach through a formal risk charter and risk management operating procedures created specifically for the new CH-53K program. The revised approach empowered risk management at the lower-tier IPTs, who then elevated assessments to the JRMB for consideration. That was viewed by PMA 261’s senior leadership as a key development to ensure the entire organization institutionalized risk management as part of each IPT’s standard work. What had been a top-down risk management approach became a combination of top-down and bottom-up approach.

The process of developing and coordinating the risk management operating procedures did raise discussions about the potential of including an OM program as a formal mechanism within PMA 261. Efforts within the organization were made to formally initiate an OM program, but support was sporadic. Unfortunately, the existing risk management tool—Risk Management Information System, or RMIS—did not feature an OM tracking capability. That shortfall hindered the continued use and inclusion of an OM program within PMA 261. Initial attempts to include OM depended on individuals manually producing Microsoft® Excel spreadsheets and status briefing charts, which proved to be resource intensive and inefficient. Maintaining that status quo was most likely going to result in the demise of an OM program initiative simply because the affected workforce did not have a feeling of importance associated with OM or the necessary tools to implement such a program.

## Developing Processes

But momentum began to build in December 2006 when PMA 261 drafted their opportunity management principles guideline. This first OM-specific document served as a guide to those involved in documenting and implementing opportunities as well as those who were actively involved in the management of opportunities on a day-to-day basis.

The contents started at a big picture overview of OM and drilled down to cover how OM was going to be specifically structured within PMA 261, including management process, roles, oversight, process flow, and metrics. In short, PMA 261 developed an OM implementation plan to guide their workforce as a way of standardizing an OM program throughout the organization.

Even with this document in place, it wasn't until the summer of 2007 that PMA 261 tracked a specific program opportunity in accordance with their opportunity management principles guidance. What became evident was that process improvements were needed to make the OM program a more viable tool for the PMA 261 workforce. One of the biggest lessons learned was that the risk working group—an IPT-level group chartered to oversee risk and opportunity management initiatives—needed to better define the process objectives and monetary resources that could be used to implement decisions. Also, OM-related instructions and training provided to the PMA 261 workforce needed improvement to decrease confusion. In hindsight, Muldoon noted that “while everyone was encouraged that OM was getting some focused attention, it was apparent that we were not yet ready to fully implement an OM process until roles and responsibilities were clearly identified.”

At the same time PMA 261 was going through their OM program growing pains, PEO(A) issued a policy memorandum that set out to institutionalize a best practices framework across the PEO(A) enterprise. Risk, issue, and opportunity management were all identified within this policy memorandum as “key management tools necessary for the development of credible cost, schedule, and performance objectives.” Clearly, OM was gaining increased visibility.

Over the next six months, slow but steady progress was realized. A more clearly defined threshold cost criteria was published in the spring of 2008 that greatly aided the PMA 261 IPTs in the identification and initial analysis of candidate opportunities. But the real breakthrough occurred in May 2008 when an improved automated tool was introduced to support PMA 261's OM process.

### Tracking Risk and OM

The Risk and Opportunity Management Application (ROMA)<sup>™</sup> software tool uses a best practices approach of paralleling risk, issue, and opportunity management by compiling information for all three areas into one central management location. Having this compilation capability through an automated means greatly simplified the process and provided tailored reporting so that program managers and subject matter experts could focus on high-interest areas. Subject matter experts now had easier and timelier access across the OM program life cycle and, most important, an increased willingness to use an OM-related tool. The increased use resulted in benefits across the PMA 261 enterprise that would not have been possible without ROMA's

automated capability. In addition, ROMA ensured a swifter transformation of OM information into tailored decision making documents and briefings that allowed PMA 261 senior leadership to make better informed strategic decisions. Figure 1 illustrates an example of the ROMA user interface.



Figure 1. ROMA User Interface

Jackie Triplett, risk management project manager for L-3 Communications supporting PMA 261 and a co-author of this article, said, “Introducing ROMA was probably the major reason that lower-tier IPTs finally embraced OM as part of an every day program management approach. It was a vivid illustration that any workforce needs the proper tools before the enterprise is able to gain the potential benefits—especially a new management capability that experienced some initial workforce uncertainty.”

### Establishing an OM Process

In addition to searching for an active OM program to be fully accepted within PMA 261, a clear and concise OM process needed to be developed. The document that captured and communicated PMA 261's OM process was the opportunity management principles guidelines, which institutionalized OM procedures within PMA 261. Developed with input from all IPTs, this document was a key enabler of OM acceptance across the PMA 261 enterprise.

As a first order of business, a common nomenclature was sought to ensure that as the opportunity moved through the opportunity life cycle, all IPTs were able to discuss the status without any confusion. PMA 261's opportunity management principles guidelines ended up defining five levels of an opportunity's status:

- **Candidate:** not yet reviewed, and/or more information is needed and/or is being gathered before recommending the opportunity to the high-level Program Opportunity Management Board (POMB), which is the group responsible for overall functional oversight. When appropriate, the POMB function can be delegated down to the JRMB for increased efficiency and timeliness.

- **Rejected:** opportunity has been reviewed and is not envisioned to ever be accepted for implementation. The opportunity would typically not be expected to return for additional review.
- **Deferred:** the opportunity was initially rejected but was expected to return for additional review at a later specified date.
- **Open:** the POMB opened the opportunity for immediate implementation according to an approved plan (open/executing). Alternatively, the POMB could have opened the opportunity for additional information gathering with an expected return to the POMB for a go-ahead decision (open/estimating).
- **Closed:** the opportunity's objective has been reached or is now considered overcome by events.

As illustrated in the opportunity life cycle flow diagram (Figure 2), an opportunity is defined by an opportunity originator, who could be any member of the PMA 261 enterprise. The opportunity originator provides a preliminary description and assessment while entering the opportunity into the automated ROMA tracking tool. The opportunity originator then socializes the opportunity with the appropriate IPT lead and subject matter experts for consensus.

If the IPT lead is convinced that the potential opportunity offers some level of benefit to the program, the IPT lead takes control by discussing the opportunity among all IPT leads. An opportunity coordinator facilitates the opportunity review process and ensures timely reviews.

The opportunity is next passed to the Opportunity Working Group to ensure the benefits, likelihood of success, risk, and costs involved with implementing the opportunity are adequately captured and are sufficient to warrant review by the POMB. If the OWG deems the opportunity unworthy, the opportunity is closed or considered a candidate requiring additional analysis.

The OWG will recommend opportunities that are sufficiently scoped to the monthly POMB, which has three options: approve the opportunity, assign ownership, and provide funding to build an achievement plan; request further investigation and provide

funding to accomplish such an action; or defer the opportunity pending a later review. All relevant IPTs are involved throughout this decision-making process.

Upon POMB concurrence, the opportunity owner and appropriate team members are now charged to build the achievement plan for the approved opportunity. This plan will identify the set of steps and timelines necessary to increase the likelihood of achieving the opportunity's benefit. The opportunity owner presents the achievement plan and associated budget to the POMB for review and approval.

Upon POMB approval, an opportunity owner, working with appropriate team members, is responsible for implementing the opportunity in accordance with the approved achievement plan. As scheduled by the opportunity coordinator and under OWG guidance, the opportunity owner periodically presents the opportunity's implementation status to the

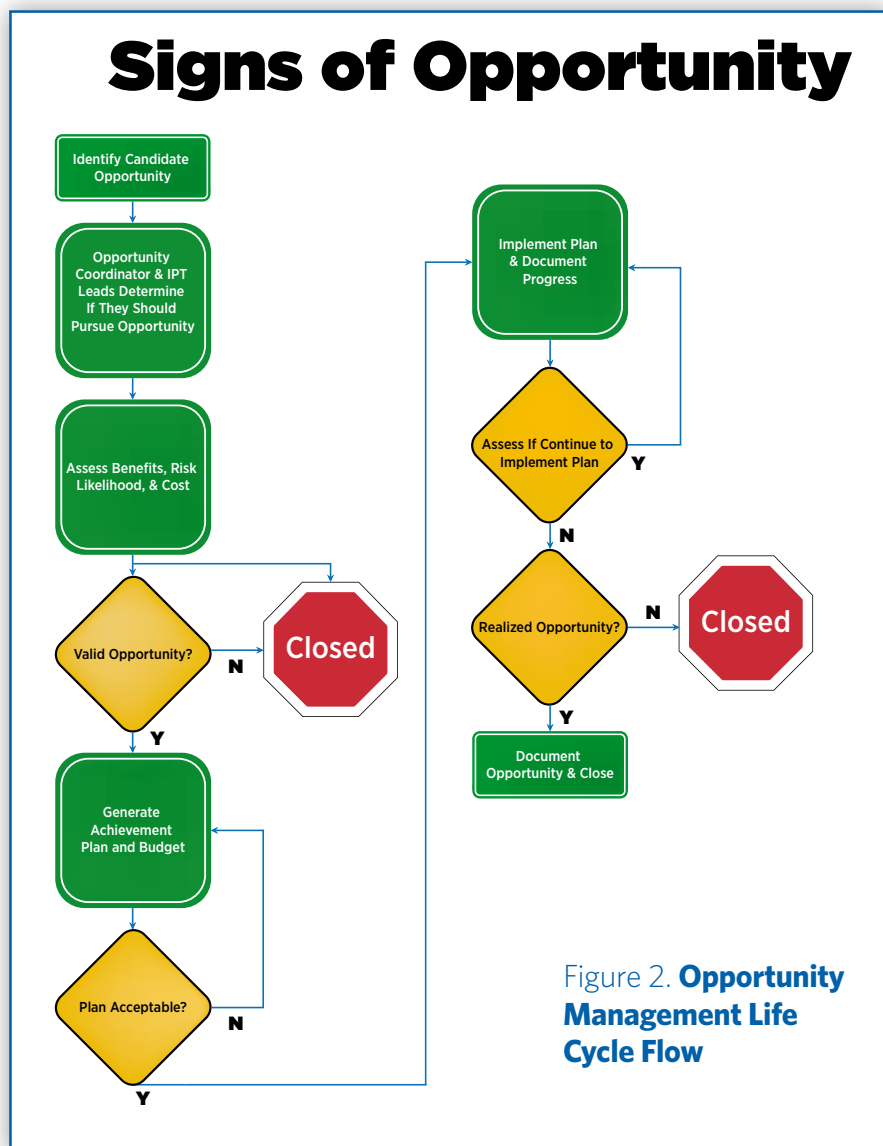


Figure 2. **Opportunity Management Life Cycle Flow**



Opportunity Item No.: 53KOPP-xx-xxx  
 Title: Opportunity Title  
 Initiator: Your Name

Owner IPT: IPT Name  
 IPT Lead: Lead of Owner IPT  
 Nearest Impact: PDR, CDR, other event

Description: Concise sentence providing accurate description of the opportunity.

Source: Concise sentence or two on the source of the opportunity (concept source – is it like something else prior or is it different?).

Benefits: Concise sentence or two providing a description of the benefits if the opportunity is realized.

Detriments: Concise description of possible disadvantages/liabilities associated with the opportunity.

Risk (if any): List any risks associated with implementing the opportunity.

Likelihood/Rationale: Brief description of reasoning for the current Likelihood and Benefits rating.

Nearest Impact: PDR

Time: S/M/L

Opp. Type: T  
 L: 3  
 B: T-2  
 S-0  
 C-0  
 Initiated: 21-Jun-06

Step	Planned Start Date	Planned End Date	Description	Success Criteria	L	C	Comments
1			Steps in plan to realize the opportunity				
2							
3							
4							
5							

Please fill out as much estimation information as possible on the following page – it helps in evaluating the opportunity.

(use "tab" to add more rows)

Figure 3. Illustrative ROMA Submission Page

POMB for a decision to continue or end the implementation phase, or even reassign the opportunity implementation. The ROMA software tool acts as the key communication enabler throughout the opportunity's life cycle (Figure 3).

Eventually, the POMB decides if the opportunity implementation is adequately realized, should be further implemented (with possible changes), or should be closed. If the opportunity is fully realized, the final outcome is documented within the ROMA and the opportunity is closed out.

### Benefits of OM

Expect your organization to navigate unfamiliar territory if you decide to implement an OM process, as the newness of OM pretty much guarantees a learning curve while attempting to achieve the full benefits afforded by OM. After experiencing the associated growing pains and some journeys down blind alleys, the conclusion of PMA 261's senior leadership is that OM is right for their organization. As PMA 261's program manager responsible for implementing an OM process, Muldoon stated that "the OM process is something every program should seriously consider as a complement to the more familiar risk management process. There are great cost, schedule, and technical performance benefits to be had with a well-established OM process. We view OM as an integral part of program management and

have realized significant benefits through its use on the CH-53K development program."

The case of PMA 261 is just one illustration of an organization implementing an OM process, but it does serve as a terrific starting point for any organization wanting to implement an OM process. Recognizing that most organizations are unique, the PMA 261 OM process is flexible enough so that other organizations can tailor this particular OM process to fit their own situation. As long as the organization's leadership understand that the implementation of any OM process requires upfront commitment and continued follow-through, there are positive program outcomes to be shared with key stakeholders.

So, is an OM process worth the effort it takes to get it off the ground? The possible benefits of improved cost, schedule and/or technical performance may be the best incentive that could be offered in the competitive world of DoD acquisition.

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